

## Message Text

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ACTION OES-05

INFO OCT-01 ARA-06 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 SP-02 SS-15 STR-04 TRSE-00 FRB-03

XMB-02 OPIC-03 LAB-04 SIL-01 /101 W  
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P 052240Z JAN 76

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 1430

C O N F I D E N T I A L CARACAS 0093

E.O. 11652: GDS

TAGS: ENRG, PFOR, VE

SUBJECT: EXXON TO SIGN OFFTAKE AND SERVICE CONTRACTS WITH  
PETROVEN

REF: A) CARACAS 0043; B) STATE 305045

1. PETROLEUM ATTACHE MET JANUARY 5 PETROVEN PRESIDENT RET. GENERAL  
RAFAEL ALFONZA RAVARD.

2. GENERAL ALFONZO STATED THAT SITUATION IS NOT SO GLOOMY  
AS THE REPORT WE HAD HEARD THAT ONLY 900,000 B/D IS FIRMLY  
UNDER CONTRACT. HE ASSERTED THAT PETROVEN WILL SIGN CONTRACTS  
FOR 1.5 MILLION B/D FOR EXPORT. TOGETHER WITH DOMESTIC  
CONSUMPTION, THIS WOULD INSURE A PRODUCTION RATE OF 1.7  
MILLION B/D. BEYOND THIS AMOUNT, THE GENERAL SAID THAT  
FURTHER INCREASES WILL DEPEND UPON SUCH FACTORS AS  
U.S. ECONOMIC RECOVERY AND THE WEATHER. EVEN A VERY COLD  
NORTH AMERICAN WINTER WOULD NOT ADD MORE THAN  
ANOTHER 100,000 B/D, HE NOTED.

3. THE FIRST OFFTAKE AND TECHNICAL SERVICE CONTRACTS WERE TO  
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BE SIGNED THAT AFTERNOON, JANUARY 5, WITH EXXON. GENERAL

ALFONZO INDICATED THAT COMPANY OFFICIALS WERE IN AN ADJACENT OFFICE WHERE HE WOULD JOIN THEM FOR THE SIGNING RIGHT AFTER THIS CURRENT APPOINTMENT. HE ADDED THAT SHELL HAD BEEN CALLING FOR AN APPOINTMENT TO SIGN THE SAME DAY, AS JANUARY 6 IS AN OIL INDUSTRY HOLIDAY, IN VENEZUELA, BUT HE DID NOT PLAN TO GO BEYOND EXXON TODAY IN VIEW OF THE MANY TECHNICAL DETAILS THAT MUST BE REVIEWED.

4. ASKED IF ALL OIL COMPANIES PLANNED TO LIFT OIL DURING THE FIRST QUARTER OF 1976, THE GENERAL REPLIED SOMEWHAT VAGUELY THAT SEVERAL OF THE SMALLER COMPANIES HAD EXPRESSED DIFFICULTY IN MOVING OIL. IN PARTICULAR, HE THOUGHT THAT THERE WOULD BE A PROBLEM SELLING BOSCAN CRUDE. THIS WOULD IMPACT PRINCIPALLY ON CHEVRON, BUT OTHER COMPANIES ALSO PRODUCE SOME OF THIS CRUDE.

5. THE PETROLEUM ATTACHE ASKED GENERAL ALFONZO IF THE MATTER OF REPLACING CASH ON DEPOSIT IN THE GUARANTY FUND WITH COMPENSATION BONDS HAD BEEN STRAIGHTENED OUT (REF A). THE GENERAL STATED THAT THE GOV HAD PROMISED TO PERMIT THE REPLACEMENT OF CASH WITH COMPENSATION BONDS "UP TO A CERTAIN PERCENTAGE", AND THIS WILL BE DONE.

6. COMMENT - THIS IS THE FIRST REFERENCE WE HAVE HEARD MADE TO THE CASH REPLACEMENT BEING RELATED TO A PERCENTAGE. WHETHER THIS PERCENTAGE IS IN ANY WAY ONEROUS TO THE COMPANIES REMAINS TO CHECK OUT. WE HAVE AN APPOINTMENT JANUARY 6 WITH ROBERT DOLPH OF CREOLE, AND WILL DEVELOP MORE INFORMATION ON THIS POINT. ALSO, WE WILL OBTAIN MORE INFORMATION ON EXXON'S OFFTAKE CONTRACT. END COMMENT. SHLAUDEMAM

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